

October 15, 2015

IV. DISBURSEMENTS

- Michael White made a motion to approve the October payroll of \$1,341,319.03. Tracy Renfro seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Chris Black
Michael White Tracy Renfro
Nays: None
Absent: Brian Carlson

- Invoices totaling \$30,108.42 as shown in the warrant packet were presented. A motion was made by Tracy Renfro, and seconded by Michael White, to pay the invoices as presented in the warrant packet. A roll call vote was then taken:

Ayes: Alan Granite Chris Black
Michael White Tracy Renfro
Nays: None
Absent: Brian Carlson

IV. CASH & INVESTMENTS

- Mike Piotrowski presented Marquette Associates' Flash Report as of September 30, 2015, stating that the quarterly report would be available next month:
 - September was an "extremely challenging month." The Fund was at a little over \$147 million and down 1.3% net of fees but still outperforming the benchmark. Year to date, the Fund is down 3%.
 - Equities were down, making the Fund slightly underweight in that asset class. U.S. equities were down 6% but real estate was up 7.8%. However, in the last few weeks (since September 30) U.S. markets were up 5% and on the international side they were up 7% as the market experienced wild swings.
 - On the fixed income side, bond yields are low "with no place to go."
 - Individually, international equities were all down and while Manning & Napier is down 9.5% YTD, they made up almost 4%. Brandes is up 3.5% YTD while the broad market was down 8%. Mike Piotrowski commented that Manning & Napier is "still a good fit ...and they have improved over the last month." However, Marquette is prepared to review other candidates and will discuss options with the Board next month.
 - In real estate, the Principal fund has struggled recently but is up 10.5% YTD, and REITS are still down.
 - According to Mike Piotrowski it will be "tough to get the 7.5% assumed rate this year, and we should expect the volatility to continue."
- Cash needs are \$350,000, and the recommendation is to take the funds from the Segall Bryant & Hamill. Alan Granite made a motion, seconded by Tracy Renfro, to remove \$350,000 from Segall Bryant & Hamill for this month's cash needs. A roll call vote was taken:

Ayes: Alan Granite Chris Black
Michael White Tracy Renfro
Nays: None
Absent: Brian Carlson

- Records of purchases and sales were not available as of this meeting.

V. OLD BUSINESS

- The rules update was tabled.
- Attorney Clifford indicated that the Board can begin choosing the IME physicians for the Carla Heitter duty disability claim. The Board reviewed several recommendations and the CVs of the possible candidates. After reviewing the possible physicians and discussion, the Board proceeded to choose three and one as a backup. Michael White made a motion, seconded by Tracy Renfro, to ask Dr. Daniel Samo of Northwestern Medical Group, Dr. Brian Braaksma of Rockford Orthopedic and Dr. Morris Soriano of OSF Healthcare, whom the Board had used before, to perform the IME review, with Dr. Gleason of Illinois Bone and Joint as a backup IME physician. A roll call vote was taken:

Ayes: Alan Granite Chris Black
 Michael White Tracy Renfro
Nays: None
Absent: Brian Carlson

Carla will be represented by counsel.

- Hopefully the IMEs of all three individuals on duty disability can be scheduled by the end of October and completed by November. Larry Peterson, one of the three, does turn 50 next year and Marc Gasparini, another one of the three, has talked about converting to a regular pension.
- Linda Wlaznik informed Board that that the DOI Annual Statement is still in progress.
- The City Audit is done and will be posted imminently on the City's website.
- Attorney Clifford had prepared a draft of the tax levy request and sent it to Chris Black who made several suggestions. The levy requirement went up significantly this year and Chris Black explained that the majority of the difference from last year's levy lies between the 90% and 100% funding levels, and not PUC versus Entry Age Normal. Attorney Clifford said that the Board, under its fiduciary responsibility, is obligated to ask for the greater 100% funding but understands that given the City's budget constraints may be forced to follow the statutory minimum funding. As it stands the City is complying with State Statute and meeting its minimum funding obligations. Attorney Clifford cautioned that if the Fund runs out of money, the City is still responsible to pay the benefits, even if the municipality declared bankruptcy "there is no magic bullet to undo these obligations." She also acknowledged that the biggest problem for the City is the tax cap under which it must operate. Following the discussion, Alan Granite made a motion, seconded by Tracy Renfro, to approve the tax levy request letter for 2015 as prepared by Attorney Clifford and revised by Trustee Black. The motion passed unanimously.

Attorney Clifford noted that the Fund's Investment Policy and the municipal compliance report should be enclosed with the letter to the City Council, and Alan Granite will sign the letter next week.

VI. NEW BUSINESS

- Alan Granite brought up an individual currently in the Fire Academy who had questions on buying military time. They can buy up to two years' time, purchasing it piece meal, one year now say, and write one check for six month increment but they should speak with Linda Wlaznik for clarification and options. Linda cautioned that they should keep in mind that the interest rate still accumulates.

- The municipal compliance report will be ready next month.

VII. TRAINING

- Attorney Clifford brought to the Board's attention and provided a handout about e-mail concerns in light of the recent incidents with the Clinton and Rahm Emanuel e-mails. She would like to check with City IT to see if there is a way to separate Board members' e-mail from their personal email.

VIII. CLOSED MEETING – None required.

IX. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 3:55 p.m.

Next regular meeting is November 19, 2015, at 3:00 p.m.

Signed:



Brian Carlson, Secretary

Prepared by:

Judith Yehling, Recording Secretary

Date

Date

Approved by the Board of Trustees at its November 19, 2015, meeting.